

<https://www.wealthmanagement.com/alternative-investments/alts-tech-platform-opto-investments-forms-advisory-council>



Opto Investments co-founders Jacob Miller and Patrick Weiss.

INVESTMENT>ALTERNATIVE INVESTMENTS

Alts Tech Platform Opto Investments Forms Advisory Council

The private market investment group's advisory council includes well-known figures like Luminary CEO David Barnard, Ritholtz Wealth Management's Michael Batnick and AdvicePeriod CEO Steve Lockshin.

Rob Burgess | Apr 13, 2023

Opto Investments, a platform aimed at providing wealth managers access to private market investments, announced the creation of an advisory council composed of several industry heavy hitters with expertise in portfolio management, financial technology, marketing, cybersecurity and management of high-growth companies.

Some of the members of the council include David Barnard, former head of Private Wealth Management at AllianceBernstein and CEO of Luminary; Michael Batnick, managing partner at Ritholtz Wealth Management; David Kleinhandler, founder and CEO of Lifewize and co-founder of Dynasty Financial Partners, and Steve Lockshin, founder and CEO of AdvicePeriod and Vanilla.

William Trout, director of wealth management at Javelin Strategy & Research, said “part of this story is about bringing in rainmakers who can open doors in the independent advisory space.”

Opto Investments was co-founded by serial entrepreneur Joe Lonsdale (also founder of Addepar and co-founder of Palantir) and came out of stealth mode in September 2022 when it also announced \$145 million in Series A funding. The funding positions Opto to weather market stress and potentially fuel acquisition opportunities, according to Jake Miller, co-founder of Opto Investments.

“Opto is certainly well capitalized, with an impressive list of investors,” said Joel P. Bruckenstein, co-founder of the T3 Conference. “I think it is too early in the game to judge their long-term prospects, but they seem to have the money and the expertise to succeed.”

The news comes at a time when interest in alternative assets is rising.

Almost nine out of 10 investment advisors and managers plan to increase their clients’ portfolio allocations to “alternative investments” over the next two years, according to a survey sponsored by CAIS, a technology platform that connects independent advisors with investment managers across a range of nonpublicly traded funds, and Mercer, the \$38 billion AUM investment advisory firm based in New York City.

In addition, a recent report from alternative assets data provider Preqin showed an increasing number of fund managers pivoting toward the private wealth industry. Private equity giant KKR said it expects up to 50% of its annual fundraising the next several years to come from private wealth channels.

“When you think about the basic hedge that most investors employ between stocks and bonds, that worked well in periods where growth is the dominating factor in markets,” Miller said. “However, we’re in a period where, obviously, on a backward-looking basis, inflation has played a dominant role.”

Bruckenstein said there is “an appetite for alternative investments in the RIA community.” To be sure, it remains to be seen how eager advisors are to embrace alternatives, said Bruckenstein.

“Returns for the typical 60/40 portfolio were poor in 2002 for sure, so that has fueled projections for even devoting a larger percentage of the portfolio to alts going forward. I am somewhat skeptical of those projections,” said Bruckenstein. “In any case, having a platform that makes it easy to invest in

and monitor alts has appeal, especially if it integrates seamlessly into current advisor workflows.”

The evolving alts market has also created competition among providers.

“The alts vendor landscape is getting increasingly crowded. ... Relationships and trust have become as important as access to deals,” Trout said. “Opto has a strong value proposition and having these individuals as board members should drive traction from a distribution standpoint.”

Around 170 RIA firms are currently using the Opto Investments software, Miller said. In addition, in February, Opto Investments announced a new “strategic” relationship with Merchant Investment Management. Merchant, a self-described “private partnership that is an operating company” with more than \$100 billion in assets among its firms, has been investing heavily in the registered investment advisory sector since it launched in 2017.

“Given the market uncertainty ... and the millions invested in the platform so far, it will be important for the platform to be able to ink some major agreements,” Trout said. “Time is of the essence. To that point, I wonder if bringing onboard new blood might augur some sort of shift in direction, a potential acquisition, or a leadership pivot. ... I’m not sure how things will play out, but it’s hard to imagine the input of the individuals listed will be limited to technology, due diligence and product selection.”